303-289-1677
5135 E. 74th Ave
Commerce City
Colorado
80037
SHOCO OIL INC.

October 25, 2003

Thank you for taking the time to visit with me about the biodiesel program. I was impressed with your knowledge and interest in a viable alternative fuels program in Colorado. Specifically biodiesel, in which the crude oil is grown locally.

Shoco Oil, Blue Sun Biodiesel and I would like to invite you to the first metro area biodiesel fueling center. This center (Shoco Oil) is a third generation, largest locally owned fueling center in the metro area. We are located in the heart of the industrial crossroads in the Denver area. The Grand opening will be **November 14, 2003 at 10:00 a.m. – 11:00 a.m.** The location is **Shoco Oil Inc. at 5135 East 74th Avenue, Commerce City, Colorado.** In addition to you, we have invited numerous elected officials from all levels of the Government, as well as many large company executives. We also, have many engine manufacturers, commercial and industrial dealers and end users. All forms of the media will be attending the event.

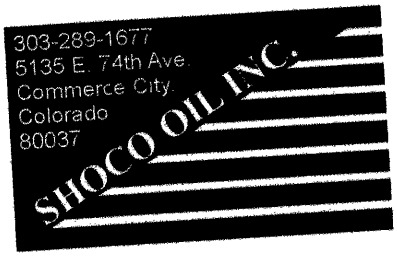
Your support along with many others is crucial to the future economic and environmental success in Colorado. Biodiesel is a renewable fuel that delivered the highest energy content of any alternative fuel, without compromising your engine efficiency. Go cleaner with a fuel that dramatically reduces emissions. Go farther with a fuel that increases the life of your engine. Go smarter with a fuel that works in today's engines. Go stronger with a fuel that reduces our dependence on foreign oil.

Thank you again for your time and support. I have attached additional information about Shoco Oil Inc. and Blue Sun Biodiesel. This information will be beneficial to you and your staff. Please feel free to contact me if you have any questions or concerns. Also, would it be possible to get your RSVP prior to the event, which would allow us to use your attendance as an attraction to our event.

Sincerely,

Scott Lee Hohnstein
President

Harold Kite
Account Executive



SHOCO OIL INC.

Shoco Oil Inc. is the largest, locally owned, third generation petroleum distributor in Colorado. Shoco Oil provides 24 hour unattended cardlock fueling. In addition, a truck wash, retail gasoline, diesel fuel and lubricants are available during normal business hours. Shoco Oil is also Colorado's Texaco lubricants distributor for ChevronTexaco Global Lubricants. In fact, Shoco is the third largest distributor for Texaco lubricants in the western United States. Shoco Oil is a division of Sam Hill Oil Inc., which started in 1947. Currently, the companies employ forty employees and run a fleet of twenty five vehicles. Multi-million dollars in sales with a customer base of one thousand state wide.

The companies' customer base ranges from the largest construction, mining and agriculture to the individual fuel and oil purchaser. The company is service oriented, committed to the customer and in the last two years have grown 45% per year. In the last ten years Shoco Oil and Sam Hill Oil has increased its employees by 300%.

Shoco Oil's future is in advancements in technologies of the petroleum industry, new and more efficient facilities, support from ChevronTexaco, and to pass on the benefits of the above items to become a partner with customers and government agencies.

About Blue Sun Biodiesel

blue sun
BIODIESEL

Privately held Blue Sun Biodiesel is a breakthrough agriculture energy company, developing oilseed energy crops and production and distribution networks to bring high-performance biodiesel fuel to the west-central United States.

Founded in 2001, it is Blue Sun's objective to bring the cost of biodiesel in line with petroleum diesel.

Blue Sun's business plan addresses four key problems:

- Rapidly declining U.S. reserves of petroleum
- National security interests requiring that the U.S. reduce dependence on imported petroleum
- Air quality issues and pressure to reduce greenhouse gas emissions and mitigate global warming
- Pressure to improve the U.S. farm economy as well as the GDP

Blue Sun is working to reduce the cost of high-grade biodiesel fuel through the development and production of efficient oilseed crops for dryland agriculture on the High Plains of Colorado, Kansas, and Nebraska, In addition, Blue Sun will be building a 2.5 million gallon/year biodiesel plant in Colorado to supply the company's pre-sold distribution network, and developing preferred relationships with the region's fuel distributors and biodiesel customers.

Customers

Blue Sun is already generating sales revenue through a rapidly expanding customer base of off-road and on-road public and private fleet managers and the companies and organizations they work for. Current customers include Shoco Oil, City of Boulder, the University of Colorado, Aspen Homes of Colorado, Waste-Not Recycling, Eco-Cycle, Peak to Peak, Agland Cooperative, Bartkus Oil, and the Rocky Mountain National Park.

Aside from superior product, Blue Sun offers its customers technical support, product training, and access to testing systems and processes.

The Blue Sun Team

The Blue Sun team includes the nation's leading biodiesel experts, top agronomists at CSU, KSU, and Nebraska, growers in the High Plains region, and a well-directed and focused management team.

blue sun
BIODIESEL

Biodiesel Benefits

Economical

- Biodiesel made from oilseed crops grown in America will:
  - Reduce our nation's trade deficit
  - Increase the GDP
  - Reduces our dependence on foreign oil
  - Reduces our dependence on fossil fuels
  - Reduces costly air toxics and carcinogens, thus reducing health problems related to air pollution (examples are asthma, bronchitis and emphysema)
- A strong American biodiesel industry will add tens of thousands of jobs to the American workforce
- A strong biodiesel industry will contribute tens of millions of dollars to the nation's rural economy
- Biodiesel is the most economical way a company with an existing fleet can meet EPAct requirements and earn EPAct credits. Converting to B20 will cost a fleet 60%-90% less than converting to any other Alternative Fuel Vehicle (AFV)
- Least costly way to meet President Bush's call to reduce soot and particulates from diesel exhaust

Engine

- Biodiesel has significantly greater lubricity, reducing engine wear
- Biodiesel has a higher cetane, reducing engine knocking
- Biodiesel is a solvent, it cleans out and keeps clean the fuel tank and fuel system
- Biodiesel works in all existing diesel engines and infrastructure

Environment/Health

- Biodiesel is biodegradable
- Biodiesel is non-toxic (less toxic than table salt)
- Biodiesel dramatically reduces emissions
- Biodiesel has a high flash point, therefore is safer to handle
- Biodiesel is made from oilseed crops that are grown in the US

blue sun
BIODIESEL

Biodiesel Emissions Charts

National Renewable Energy Laboratory, Golden, Colorado (NREL)
A Department of Energy (DOE) national laboratory

Emission Type	B100	B20
Carbon Monoxide	-43.2%	-12.6%
Hydrocarbons	-56.3%	-11%
Particulates	-55.4%	-18%
Nitrogen Oxides (NO_x)	+5.8%	+1.2%
Air Toxics	-60% to -90%	-12% to – 20%
Mutagenicity	-80% to – 90%	-20%
Carbon Dioxide*	-78.3%	-15.7%

*Life Cycle emissions of CO_2

U.S. Environmental Protection Agency (EPA)

Emission Type	B100	B20
Total Unburned Hydrocarbons	-67%	-20%
Carbon Monoxide	-48%	-12%
Particulate Matter	-47%	-12%
NO_x	+10%	+2%

The following two charts are from a *Report on Bus Alternatives*, authored by the Alternative Fuel Vehicle Program sponsored by HGCI, UOS, Ford Motor Company and Harvard University. Actual numbers can vary from vehicle to vehicle, therefore all numbers have been rounded to the nearest 5%. The electric category is for a battery-powered vehicle running off the New England power grid, and the hybrid (D/E) is a [dino] diesel/electric hybrid. The emissions are calculated using the Argonne National Laboratory ’s GREET Model version 1.5a. This method calculates the entire life-cycle emissions of the fuel types including gathering of feedstock, fuel production and tailpipe emissions.

GH Gases Emissions/Mile for a Passenger Car

Fuel	GH Gases	Pmatter	NO_x	VOCs	CO
Gasoline	+35%	-70	-55	+170	+415
CNG	+20	-80	-45	-30	+190
LPG	+20	-80	-60	0	+210
E-85	0	-75	-55	+130	+210
Diesel	0	0	0	0	0
B20	-15	-20	0	-10	-15
Hybrid (D/E)	-30	-20	-20	-20	-20
Electric	-45	-80	-95	-100	-100
B100	-70	-55	+5	-55	-45

Note: The above chart uses Diesel as the base line. All of the emission types are +/- in percentages from diesel.

Grams CO_2 Equivalent/Mile (lower number equals less overall pollution)

B100	=115 grams
Electric	=205
Diesel Hybrid	=250
B20	=325
E85	=375
Diesel	=380
LPG	=440
CNG	=460
Gasoline	=510

blue sun
BIODIESEL

Agricultural

Blue Sun's agriculture research and development is bringing efficient, low-cost oilseed crops that are well-adapted to the hot, arid growing conditions of the High Plains.

Blue Sun estimates that these new types of oilseed crops -- dryland mustard – that can reduce production costs of biodiesel feedstock by 40%. This is crucial since the cost of feedstock (usually made from more expensive soybean oils) represents 75% of the total cost of biodiesel fuels. The social, economic and environmental benefits of biodiesel will not be realized until the price is competitive with petroleum diesel. Thus the Blue Sun strategy represents a significant opportunity to increase biodiesel use in the Rocky Mountain region.

- Blue Sun has successfully planted 400 acres of innovative oilseed crops in Colorado, Nebraska, and Kansas
- Blue Sun has planted 48 additional oil seed varieties at seven university research stations at Kansas State, Colorado State and the University of Nebraska

DOE grant for agricultural research

In May of this year, Blue Sun was awarded a U.S. Department of Energy (DOE) Small Business Innovation Research (SBIR) grant to evaluate and adapt develop new oilseed varieties. The aim is to improve heat and drought tolerance, early maturity, cold tolerance, pest and disease resistance, and other important agronomic traits.

Expert researchers
Charlie Rife, Ph.D., Research Assistant Professor and Project Leader of Canola Breeding at Kansas State University, is Blue Sun's Principle Investigator (PI) and a member of Blue Sun's advisory board. Dr. Rife is leading the oilseed crop identification and testing program, working with top researchers at Kansas State University, Colorado State University and the University of Nebraska.

Benefits for regional farmers:

The key benefit for regional farmers is the opportunity to grow biodiesel crops on unused cropland during the winter wheat crop rotation, adding profit to the farmers' bottom line.

Blue Sun Biodiesel has formed strategic partnerships with two value added farmer cooperatives: Progressive Producers Non Stock Cooperative in Nebraska, and Blue Sun Producers, Inc. in Colorado and Kansas. These cooperatives represent an investment opportunity for farmers as well as providing a reliable supply of biodiesel for Blue Sun's production facilities.

The arid High Plains cropland of NE, WY, KS and CO produces well over 100 million bushels of wheat annually. Wheat producers on the High Plains will benefit from the new biodiesel market through Blue Sun's efforts to commercialize a high yielding industrial oil producing energy crop that will be an additional crop and income source in the current winter wheat crop rotations. There is an estimated 5.6 million acres in wheat production where farmers could add a biodiesel crop in the crop rotation cycle. Utilizing this acreage would yield 165 million gallons of biodiesel per year and $280 million in added revenue to farmers.

For more information on Blue Sun Biodiesel's work with farmer cooperatives please contact:
Sean Lafferty, 970-221-0500.